



AN EMPIRICAL STUDY ON THE CURRENT SCENARIO IN THE FIELD OF MICRO FINANCE

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ABSTRACT

India is developing country. Many of the parts of the country still not that much progressed. For the solution of the said problem Micro finance can become the ray of the hope for country. This paper was presented with the intention of exploration of the area of the Micro finance in India. Though the term micro finance is not new but still much more progress is required. Those who live in backward areas and are remote from the basic financial services, can get the employment and financial services under the micro finance. NABARD plays a vital role in development of this sector. Micro finance institutions are in various forms but the Self Help Group form is the most popular one. It may be in the form of micro credit, micro insurance etc. As per the recent published report by NABARD in 2018 the Self help groups- bank linkage programme, reached to 11 crore household through 87 lakh SHG with deposits of Rs. 19500 crore. Government has introduced EShakti programme for the improvement in this sector. Eshakti is a mobile application through which history of the SHG can be recorded. Moreover financial and non financial transactions can be inserted, maintained, modified etc. It is a part of the digitalization. In this paper I tried to derive the maximum recent scenario of this sector. By analysing the government report I can assure that if this sector is more motivated then it can surely become one of the reasons of development of country.

KEY WORDS: Micro Finance, NABARD, Self help group (SHG), EShakti

INTRODUCTION:

Microfinance is more emerging concept in today's era. It is a handy source of money that is far away from the basic financial services. Microfinance companies can be registered themselves as Nonbanking financial company under the companies Act. Microfinance, additionally called microcredit, is a sort of managing an account benefit that is given to jobless or low-pay people or gatherings who generally would have no different access to monetary administrations.

The roots of the microfinance are grounded in the 18th century. The first microcredit was provided by Jonathan Swift, for the betterment of the people in Irish. The first bank who promoted this concept was "Grameen bank" in the year 1976 by Muhammad Yunus in Bangladesh.

In 2006, the Nobel Peace Prize was awarded to both Yunus and the Grameen Bank for their efforts in developing the microfinance system.

A few organizations empower loan specialists to pick precisely who they need to help, arranging borrowers with criteria, for example, dimension of neediness, geographic district, and kind of private venture. Others are explicitly focused: There are associations in Uganda, for instance, that attention on giving ladies the cash-flow to embrace ventures like developing eggplant and opening small cafes. A few organizations center their endeavors just on organizations whose objective is to enhance the general network through activities, for example, offering education, training for the job, and working towards a better environment.

CONCEPT OF MICRO FINANCE:

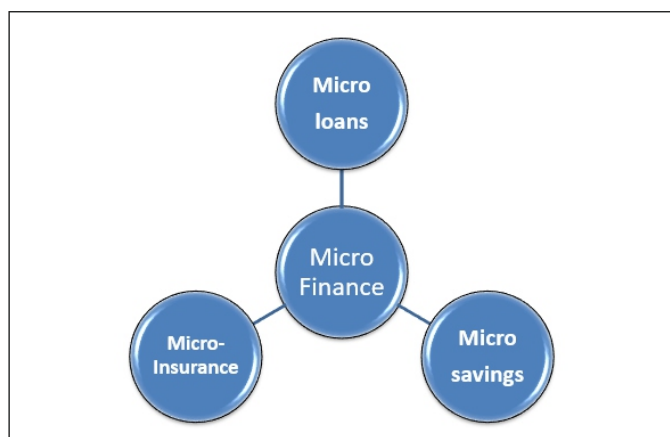
Micro finance is one type of the provision for those who are having the lacking of the basic financial services. It includes the basic banking services like savings account, loans and advances, insurance, money transfer etc..

BRIGHT SIDE OF MICRO FINANCE:

- It is a provision for the family of the people who are not having basic financial services that can improve their standard of living.
- It favours those parts of society who are ignored from the societal level.
- It expands the sky of the investment for the future aspect.
- It successfully explains the importance of the saving concept to the people.
- It's a helping hand for the needy people, so it can reduce the stress level of them.
- Its psychological benefit is that, people feels they also matters in the society.

Forms of Micro finance:

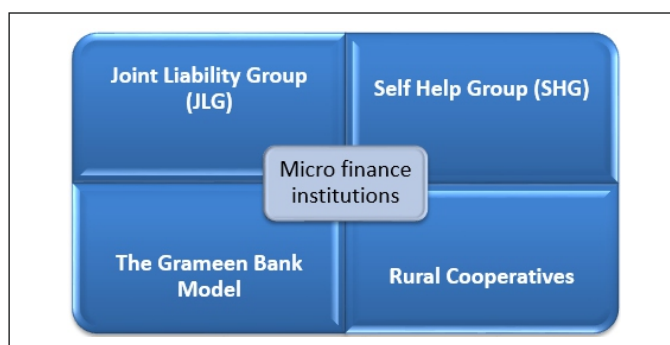
1. **Microloans:** Microloans (also known as microcredit) are loans that have a small value; most loans are less than \$100 in size. These loans are generally issued to finance entrepreneurs who run micro-enterprises in developing countries. Examples of micro-enterprises include basket-making, sewing, street vending and raising poultry.



2. **Microsavings:** Microsavings accounts allow individuals to store small amounts of money for future use without minimum balance requirements. Like traditional savings accounts in developed nations, micro-savings accounts are tapped by the saver for life needs such as weddings, funerals and old-age supplementary income.
3. **Micro-Insurance:** Individuals living in developing nations have more risks and uncertainties in their lives. For example, there is more direct exposure to natural disasters, such as mudslides, and more health-related risks, such as communicable diseases.

Different types of Micro finance institutions in India:

1. **Joint Liability Group (JLG):** Joint liability group is one type of informal group consist of 4-10 members in it. Most of the time these people are jointly applying a loan from the bank for the agricultural purpose. In short farmers and rural workers are included in this category. Moreover in this category every individual is equally liable for the credit taken. These kinds of institutions are very simple in their structure.



2. **Self-Help Groups (SHG):** Self-Help Groups (SHG) is the most popular form of the Micro finance. It is the formal and informal group of small entrepreneurs having similar kind of background. Sometimes these groups temporarily created and generate the common pool of money.

3. **The Grameen bank model:** The Grameen model was introduced by the Nobel Laureate Prof. Muhammad Yunus in Bangladesh in 1970. It has widely adopted in India as Regional Rural Bank (RRB).

The goal of this institution is overall development of the economy especially of those backward areas of the country. But this model was not quite successful.

4. **Rural Co operatives:** Rural Cooperatives was started by Government at the time of independence. Due to the complex structure it has not so successful. moreover it is not covering large section of India.

LITERATURE REVIEW:

Ms. Madhavi Kodamarty and Ms. Ranjani Srinivasan worked on Micro finance and woman empowerment: Evidence from India- Review of literature, in the year February 2016. Principle focus was given to the literature reviews. By depicting different literature reviews they tried to elaborate the condition of micro finance co relates with woman empowerment. They provide positive and negative and challenges related with the woman empowerment. In the conclusion they agreed with positive correlation between the micro finance and woman empowerment. Moreover positive impact was mainly in the areas of income, savings, employment days, household consumables etc. In the end they also open up the scope of further study in this area.

Ms. Madhavi Kodamarty had prepared a report on Microfinance and Women Empowerment: Self Perception of Beneficiaries - A Study With Reference to Gandhinagar District of Gujarat in the January 2016. In the report she presented the data regarding various demographic factors like caste, age group, marital status, type of family, no of children and education level. Some of the conclusion were like this. Among the survey members 54 % of the participants belong to minority community followed by 39% of Other Backward Class. The majority of respondents are young members in the agegroup of 18-25 and 26-35 years. 96% of the respondents are married and 4% being widow. 76 % of the surveyed respondents have nuclear families where as 24 % still live in joint families. Majority of the respondents have two children (52%), whereas only 9 % have more than three children. Majority of the surveyed respondents have completed their elementary education i.e. 37%with secondary education and 33% with primary education. Then she did the factor analysis. At last she concluded that respondents are positively coping with the micro finance. In nutshell given an increase in income will have the spill over effect on the overall welfare of the microfinance beneficiary household.

Padmalochan mahanta, Gitanjali Panda and Sreekumar has presented their research work in November 2012 named as Status of Microfinance in India- A review : in the International Journal of marketing, financial service and management research. In the paper initially they explained the role of NABARD with concern to SHG. Then in the latter stages the area covered was mainly the theoretical framework of micro finance and its role in the global concern. So mainly the paper was divided in to the three parts; very first the role of micro finance and its association with other countries, secondly role played by NABARD and other financial institutions in the development of microfinance and lastly its role in making the legislation in framing the laws and practices.

Manish Kumar, Narendra Singh Bohra and Amar Johari had studied the Micro-Finance as an Anti Poverty Vaccine for Rural India, in the year November 2010. Their main goals were To analyze the growth of microfinance sector developed in India and see potential for the microfinance institutions, NGOs, SHGs in the market, To analyze the structure and pattern of microfinance programme in rural Indian by the MFIs, NBFCs, To understand the marketing of microfinance products in rural market, To study the importance and role of microfinance in poverty alleviation and profitable agriculture activities. Some of the results were found like this 350 million Below Poverty Line, 95 % have no access to microfinance, 56 % people still borrow from informal sources, 70 % don't have any deposit account, 87 % no access to credit from formal sources, Annual credit demand is about Rs.70,000 crores, 95 % of the households are without any kind of insurance, Informally Microfinance has been in practice for ages. In short they conclude there are more potential for the micro finance in India.

Current scenario in the field of Microfinance:

Proud fully NABARD declared that today the Self help groups- bank linkage programme, reached to 11 crore household through 87 lakh SHG with deposits of Rs. 19500 crore. The Self Help Groups Bank linkage (SHGBLP) program which began just as a bank outreach programme, has through the progression of time gradually transformed into a comprehensive programme for money related, financial, social and recently, innovative capital working in provincial zones. Accordingly the SHG-Bank Linkage Program has extended at a quick pace in India to advance into the biggest microfinance program on the planet, and without a doubt, it is the fundamental microfinance program in India.

Recently Government of India has initiated to transform the country to the digital one. NABARD has launched a pilot project for promoting Self Help Group (SHG) named as "E Shakti" in March 2015. To begin it started in 2 districts i.e. Ramgarh (Jharkhand) and Dhule (Maharashtra).

It was designed to capture the social, demographic and financial profiles of members as well as the SHGs, together with member identification details like Aadhaar, Voter ID, etc. and uploading the same on to a dedicated website <https://eshakti.nabard.org>. The project envisaged mapping of all the existing SHGs; bank wise, branch wise and block wise in the 2 districts.

Objectives of E Shakti:

- Digital book Keeping i.e. computerized answer for defeat the troubles relating to book keeping and the board of records of the SHGs.
- Building an effectively accessible database and producing imperative MIS for the financiers for assuming educated praise choices.
- Concurrent evaluating of SHGs to empower the banks to proficiently credit connect the qualified gatherings and furthermore screen them.
- Providing a full scale picture of SHG-BLP for the arrangement creators to push forward their formative motivation.
- Offering complete straightforwardness to every one of the partners, particularly the poor SHG individuals, for expanding their trust in dealing with the cash and the records.
- Potential to recognize whether anybody is a part in more than one SHGs.

Overall progress of SHG-Bank linkage Programme during last three years.

Particulars		2015-16		2016-17		2017-18	
		No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount
SHG Savings with Banks as on 31 st March	Total SHG Nos.	79.03 lakh	13691.39 Crore	85.77 lakh	16114.23 Crore	87.44 Lakh	19592.12 Crore
	All women SHGs	67.63 Lakh	12035.78 Crore	73.22 lakh	14283.42 Crore	73.90 Lakh	17497.86 Crore
Loans Disbursed to SHGs during the year	Total No. of SHGs extended loans	18.32 Lakh	37286.90 Crore	18.98 lakh	38781.16 Crore	22.61 Lakh	47185.88 Crore
	All women SHGs	16.29 Lakh	34411.42 Crore	17.16 lakh	36103.13 Crore	20.75 Lakh	44558.74 Crore
Loans Outstanding against SHGs as on 31 st March	Total No. of SHGs linked	46.73 lakh	57119.23 Crore	48.48 lakh	61581.30 Crore	50.20 Lakh	75598.45 Crore
	No. of all Women SHGs linked	40.36 Lakh	51428.91 Crore	42.84 lakh	56444.24 Crore	45.49 Lakh	70401.73 Crore

Source: Status of Micro finance in India report 2017-2018 NABARD

CONCLUSION:

At last I can conclude that developing country like India has a very good scope of development only the requirement is to promote the concepts like micro finance more and more. Many of the women get the employment because of the development in this area. Our honourable prime minister have also tried to encourage this area and tried to explain the importance of the micro finance to the public.

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